

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
Center for Beneficiary Choices  
7500 Security Boulevard, Mail Stop C4-23-07  
Baltimore, Maryland 21244-1850



**MEDICARE PLAN ACCOUNTABILITY GROUP**

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**DATE:** December 6, 2005

**TO:** All Managed Care Organizations  
Demonstrations  
All Part D Organizations

**FROM:** Cynthia E. Moreno /s/  
Acting Director

**SUBJECT:** **2006 Medicare Advantage and Part D Enrollment and Payment Systems  
Changes Part V --Action**

This letter provides additional information regarding the following.

- Reporting Segment Identifiers for Payment – *CRITICAL*
- Reporting Part C and D Premium Amounts
- Addition of Low-Income Subsidy (LIS) Premium Amounts to the Monthly Membership Report (MMR)
- Display of Rebate Amounts on the MMR
- Pennies Issue: Truncation of Withheld Premium Amounts by SSA

Reporting Segment Identifiers for Payment – *CRITICAL*

Medicare Advantage (MA) Plans that chose to segment their plan benefit packages (PBPs) MUST report the segment identifiers for their current members by December 13, 2005. This information can be transmitted on a transaction type 71 (if you are notifying CMS of a PBP# change) or on a transaction type 72 (if you are notifying CMS of premium-related information). In addition, include the segment identifier on any transaction type 61s you transmit to CMS for new enrollees.

This information is critical because without it, a payment cannot be computed for impacted members. For Plans that segmented their PBPs, all of the bid, premium and rebate information is at that segment level.

A few plans split their 2005 PBPs into segments via the crosswalk in HPMS. For those plans, MARx will move the members to the lowest numbered segment. When you receive this information via the transaction reply report (transaction reply code 146) and if it is incorrect, submit a 72 transaction to move the member to the correct segment.

Reporting Part C and D Premium Amounts

You are to report the full Part C premium amount; including any amounts applicable to any optional supplemental benefits that the member has elected. The full Part D premium must also be reported; including the premium for any applicable enhanced coverage. The only adjustment to be made on the Part D amount reported is to subtract any rebate allocated to reducing this premium. MA-PDs can allocate any available rebates to reducing the Part D premium.)

Plans are **not** to reduce the Part D premium by the amount CMS would be subsidizing because the member is determined to be low-income. Plans are also not to include any late enrollment penalty amounts.

Addition of Low-Income Subsidy (LIS) Premium Amounts to the Monthly Membership Report (MMR)

To assist MA-Prescription Drug (MA-PD) and Prescription Drug (PDPs) Plans in reconciling their LIS premium payments, a field will be added to the MMR. It will be added to a filler field (#35 on the current MMR; positions 144 - 151).

This new LIS Premium Amount field will contain the amount of the Part D premium that is being paid to you on behalf of impacted members. This amount will be reported monthly. This new field will also allow the reporting of LIS Premium payment adjustments. Please note that the Total Part D payment (field number 71 on the MARX version of the revised MMR) will still contain the LIS premium amount.

This information will be provided to assist plans in reconciling their LIS payments until and after the full LIS/LEP report can be provided in mid-2006.

Display of Rebate Amounts on the MMR

To assist MA plans in tracking rebate dollars, rebate amounts will be displayed as follows.

- All rebate components applicable to a plan (up to 5) will be displayed for non ESRD members. The 5 rebate components are Part A/B cost-sharing, Part A/B mandatory supplemental benefits, Part B premium reduction, Part D supplemental benefits and Part D basic premium reduction.
- A subset of the rebate components applicable to a plan (up to 2) will be displayed for ESRD members. The 2 rebate components are Part B premium reduction and Part D basic premium reduction.

Pennies Issue: Truncation of Withheld Premium Amounts by SSA

The Part C and D premiums will be withheld separately from member's benefit checks by SSA.

- For PDPs with cents in their Part D premiums, they will be truncated

EXAMPLE: Part D premium = \$32.25; \$32.20 will be withheld

- For MA-PDPs with cents in their Part C and/or Part D premiums:

1. The cents in the Part D premium will be truncated.

EXAMPLE: Part D premium = \$36.51; \$36.50 will be withheld

2. The Part C premium will be “computed” so as not to exceed a total of 9 cents tolerance for a plan. The “computation” formula is the total truncated Part C and D premium amount minus the truncated Part D premium amount.

EXAMPLE: Total Part C/D Premium = \$59.61; Truncated = \$59.60

Part D premium = \$36.51; Truncated = \$36.50

Formula = \$59.60 minus \$36.50 = \$23.10

Withheld Part C premium = \$23.10

Total premiums withheld = \$59.60

It is the plan’s option to bill the member for the truncated amounts not withheld.

If you have any additional questions, please contact your DEPO representative directly (per Appendix B of the Plan Communications User’s Guide).